



Financial Literacy and Education Commission Meeting

Wednesday, September 22, 2004
10:30 AM

U.S. Department of the Treasury
Cash Room

Meeting Transcript

The Commission met in the Cash Room in the U.S. Department of the Treasury, 1500 Pennsylvania Avenue, N.W., Washington, D.C., at 10:30 a.m., Assistant Secretary Wayne A. Abernathy presiding

COMMISSION MEMBERS PRESENT:

BRIAN ROSEBORO	Treasury Under Secretary for Domestic Finance
WAYNE ABERNATHY	U.S. Department of Treasury
KATHLEEN NAGLE	Federal Deposit Insurance Corporation
HILARY SCHULTZ	Commodity Futures Trading Commission
JAMES O'CONNOR	Small Business Administration
CYNTHIA GLASSMAN	Securities and Exchange Commission
DAN IANNICOLA	U.S. Department of Treasury
SHARON BROWN-HRUSKA	Commodity Futures Trading Commission
JOANN JOHNSON	National Credit Union Administration
JULIE WILLIAMS	Office of the Comptroller of the Currency
JOY BURR	Office of Thrift Supervision
ROSE PIANALTO	Board of Governors of the Federal Reserve System
MARCIE BROWN	U.S. Department of Education
JANE SCHUCHARDT	U.S. Department of Agriculture
CHARLES S. ABELL	U.S. Department of Defense
COLLEEN TRESSLER	Federal Trade Commission
JOHN C. WEICHER	U.S. Department of Housing and Urban Development
BRADFORD P. CAMPBELL	U.S. Department of Labor
JOHN T. O'CONNOR	U.S. Department of Veterans Affairs
MARY LEVY	U.S. General Services Administration
JEAN VENABLE	Social Security Administration
JOSEPH E. DONALD, JR.	U.S. Office of Personnel Management
DEBORAH FISCHIONE HOUSE	North American Securities Administration Association

GUEST SPEAKERS:

ROSARIO MENDEZ	Hispanic Outreach Coordinator, Federal Trade Commission
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DAVID MANCL

Director, Office of Financial
Education, Department of
Financial Institutions, State of Wisconsin

DR. DARREL LUZZO

Senior Vice President for JA
Worldwide, Junior Achievement

STEFAN CLAUSEN

Manager, Wall Street Journal in
the Classroom

KRISHNAN M. ANANTHARAMAN

Managing Editor, Wall Street Journal in the
Classroom

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PROCEEDINGS

10:35 a.m.

MR. ABERNATHY: Good morning. It's a pleasure to convene the Financial Literacy and Education Commission. This is our third meeting as required under the statute. It's a pleasure to have the participation of all of the different agencies. We appreciate not only your participation here today but, even more importantly, all the good work that you are doing throughout the country to help improve the financial literacy of our citizens to help them take better advantage of the great choices that are available today for financial products and services.

I'd like to turn the time now to the Undersecretary for Domestic Finance, Brian Roseboro, who will welcome you here and present our keynote this morning.

MR. ROSEBORO: Thank you, Wayne. Good morning, everyone. I'd like to welcome you to the Treasury Department and this third meeting of the Financial Literacy and Education Commission. There is a tremendous growing commitment to financial education in this country. When President Bush, last December, signed the Financial Literacy and Education Improvement Act, he committed all of us to improving education for all Americans. That commitment is shared by all of you here today, by our Congress, by state and local governments across the country, as well as by private sector organizations that are already doing many wonderful things to improve financial literacy.

I'd like to commend the 20 agencies specifically who are represented here for your continued commitment to financial education, demonstrated not only by your attendance at this meeting but, more importantly, by the actions and the steps taken by your representative agencies in moving financial education forward.

Secretary Snow opened the first Commission meeting by stating that the Commission will act as a point of synergy for your efforts and that the work here will compliment, encourage, and coordinate the efforts of many who are committed to this great cause. Today, we will hear about the fruition of these efforts, the impending launching of the web site on financial education, the toll-free hotline, as well as the progress towards developing a national strategy for financial education.

As a matter of fact, now would be a good time to remind everyone that we have out for public comment seeking what we should consider in our national strategy. Through this request for comment, we hope to learn from those of you who are already making a difference in your communities by using the financial education tools that are most effective. We need these comments, though, by October 31st.

Much of what we do here is about finding ways to reach more people with better information so that Americans have better knowledge and skills to make good financial decisions with their lives. As you know, as much as we learn from each other, there is much we can learn from the larger financial education community that extends beyond the Commission's membership.

Today, we are privileged to hear from several groups who are successfully bringing financial education to Americans in a variety of ways. I am pleased to welcome the Federal Trade Commission represented by Ms. Rosario Mendez, the State of Wisconsin Department of Financial Institutions represented by Mr. David Mancl, Junior Achievement represented by Dr. Darrell Luzzo, and Wall Street Journal in the Classroom represented by Mr. Stefan Clausen. They will represent many of the best practices in the financial education community.

If you think about best practices, you also think of them from a personal perspective. I think of my family's best practices. I remember my grandfather sending me off to bed and always trying to instill the values of savings and hard work and linking those two with his little saying that now I use for my kids, "Early to bed and early to rise until you make enough money to do otherwise." And I'm still getting up pretty early.

But before I turn the meeting over to Assistant Secretary Wayne Abernathy, I would like to congratulate the Commission members and all those in attendance who, without your help, we could not be pushing this cause forward. Through your efforts, Americans are better informed, better prepared, and better financially secured. Thank you very much for your dedication.

MR. ABERNATHY:

Thank you, Undersecretary Roseboro. Brian needs to leave this meeting right away. He, in fact, is rushing over to Capitol Hill where the House Financial Services Committee wants him to testify on a variety of issues. Otherwise, we'd be able to have him with us a little bit more, but we appreciate his participation in our meeting today.

We do a lot of learning and, as Undersecretary Roseboro pointed out, we are trying to find out what best practices are. But this is also a “do” Commission. We do things, we don't just meet. And today we are going to have the opportunity to receive reports from two of our subcommittees that have been working on important elements of the statute, namely putting together our web site that is required under the statute and our toll-free number. We're now privileged to have the chairman of our web site subcommittee, the Acting Chairman of the Commodity Futures Trading Commission, Chairman Sharon Brown-Hruska, to report on the work of her subcommittee.

MS. HRUSKA:

Thank you very much, Secretary Abernathy. It's a pleasure to be here today. A lot of hard work has been done by both the subcommittees, and I'd like to recognize my chief information officer at the Commodity Futures Trading Commission. She has acted as the chairman and the coordinator of the interagency working group that has really done a lot of the hard work and, as they say, that's where the rubber meets the road. So I'd like to have Hilary Schultz make our report on the progress of the web site subcommittee.

MS. SCHULTZ:

And thank you, Secretary Abernathy, for the opportunity to address you today. First, I would like to extend the chairman's sincere appreciation to you and to all the people around the table, in the audience, and those who aren't here today for the diligent work on this effort to advance the effective strategy to expand financial literacy. Since the last Commission meeting, our subcommittee has successfully executed its strategy to establish a web site and to serve as the Clearinghouse for Information on Financial Literacy. The interagency working group chartered by the subcommittee in March has effectively identified and resolved issues to bring this web site to a reality. I am happy to report, under a very aggressive schedule, the working group accomplished its goal to be ready to implement a financial literacy and education web site in time for the Commission's September meeting.

To date, the following accomplishments can be cited. The working group has completed the design, development, and testing of a web site portal that links to sites that are operated and managed by federal agencies. With this delivery, we are providing useful, existing federal agency financial literacy materials. The subcommittee accepted the delivery of the web site this past week. We are very pleased with the working group's efforts, resulting in the professional look and organization of the web site and valuable content being made available to citizens.

I would like to describe for you some key elements of the web site. The financial literacy and education information is categorized into nine key areas. These areas are budgeting and taxes; credit; financial planning; home ownership; privacy, fraud, and scams; responding to life events; retirement planning; savings and investing; and starting a small business. We are able to provide this information to consumers in both English and Spanish, thereby increasing the potential size of the audience the web site will reach with this valuable financial educational information.

The web site subcommittee has enjoyed a fruitful collaboration with the toll-free hotline subcommittee and has successfully executed a joint strategy that unifies our efforts to ensure delivery of integrated content across multiple avenues of accessibility, usability, and value. In combination with the toll-free initiative, the web site provides an online link that allows consumers to order the financial literacy toolkit directly from the Federal Citizen Information Center in Pueblo, Colorado. The Financial Literacy and Education logo displayed on the web site can also be applied to other forms of communication, supporting a consistent branding approach by the Commission.

The subcommittee would like to thank the General Services Administration's Federal Citizen Information Center for voluntarily providing the web site technical support and delivery mechanism which made this web site possible in such a short timeframe. Thank you very much.

Finally, today, the web site subcommittee takes great pleasure in delivering to the Commission a financial literacy and education web site for its approval. I am also happy to announce that we have agreed to a simultaneous launch date of October 12th for both the web site and the toll-free hotline. More details on the launch will follow.

With the successful launch of the Financial Literacy and Education Commission web site and the toll-free hotline, the Commission will effectively execute its national strategy. Thank you.

MR. ABERNATHY:

Outstanding report. Chairman Hruska, do you have anything you want to add to that?

MS. HRUSKA:

No. I think it speaks for itself. Again, we're very proud of the work that has been done by all of the agencies that have participated on the web site subcommittee. Someone mentioned

the General Services Administration and the Securities Exchange Commission. Just a very excellent job, so thank you.

MR. ABERNATHY: Thank you. Outstanding work. My congratulations to the subcommittee. Are there any members of the subcommittee that would like to add or make some additional comments?

(No response.)

MR. ABERNATHY: Any questions from the members of the Commission to members of the subcommittee?

(No response.)

MR. ABERNATHY: Very good. Well, I hope you noted that date. We're planning to turn this on, make it available on the 12th of October. That allows us to make sure we are able to do all the little tests to make sure it's working well. But outstanding work there. That puts us well ahead of the requirement set in the statute, and that's greatly appreciated.

Similarly, a lot of hard work has been done on our hotline number by the subcommittee in charge of that issue. And I'd like to turn the time to Kathleen Nagle, Chief of FDIC's Deposit Insurance Outreach section to give us a report on that subcommittee's work.

MS. NAGLE: Thank you and good morning. It's my great pleasure to be here today to give you a report on the progress of the hotline subcommittee and also to announce the upcoming availability of the Commission's education hotline and the availability of the Financial Education Toolkit that will be distributed through the hotline.

As Hillary previously mentioned, the hotline is going to be launched on October 12th. On behalf of the FDIC, I would like to thank the other members of the hotline subcommittee, the General Services Administration's Federal Citizens Information Center, and I can't talk about them without mentioning the tremendous work that's been done by Mary Levy and Jim Zawada who has put a tremendous amount of work in on this project

Also, the Office of Thrift Supervision and, with the Office of Thrift Supervision, we had tremendous support from Teresa Stark and Louise Batdorf and, also, the Department of Treasury, and there we had tremendous support from Sandra Pedroarias. All of these folks have made a tremendous effort to get us as far as we have gotten on the hotline so far. I also would like to thank the member agencies and departments who have agreed to participate

in the hotline launch by providing financial education materials for the toolkit.

At the Commission's last meeting in May, we reported to you on the strategy and action plan the subcommittee had developed for implementation of the financial education hotline. We reported that the subcommittee proposed a phased-in approach for the hotline service, which would begin with the establishment of a toll-free telephone number that consumers can call to receive a free financial education toolkit.

The subcommittee determined that this toolkit should contain publications from various Commission member departments and agencies focusing specifically on the basic financial education areas of savings, credit, and retirement planning. We believe this approach provides an effective and efficient way to showcase the many financial education resources available from the federal government.

We also reported that GSA's Federal Citizens Information Center, or I'm going to refer to it as the FCIC going forward, with its proven capacity and experience as a government information clearinghouse, would secure a toll-free number for the hotline and would provide telephone operators who would take incoming requests for the toolkits. I am pleased to report that, since the May meeting, the subcommittee has made substantial progress towards completing the first phase of the hotline implementation, which has allowed us to announce the October 12th launch of the hotline today.

I'd like to highlight a few of our major accomplishments. First, over the summer, the Department of Treasury worked with the Commission member agencies and departments that have basic financial education publications. As a result of this effort, the Department of Treasury has obtained agreements from several agencies and departments to provide publications that will be included in the toolkit for the hotline launch. Most of these publications are available in Spanish and English.

The agencies and departments who have agreed to participate in the initial toolkit have provided copies of their publications, 50,000 copies in English of each publication and 20,000 copies of each in Spanish to the FCIC for preparation of the toolkits. This will be the initial supply of toolkits that we'll be using for the launch.

Treasury staff continues to work with other agencies and departments that have expressed an interest in participating in the toolkit. We expect additional publications may be included in the toolkit at a future time.

In addition to this work, the FCIC has secured a toll-free line and has installed this line in its national contact center in Indianapolis. Both Spanish and English-speaking operators will be available to answer calls.

Third, the FCIC, working with the subcommittee members, has developed operating guidelines and procedures for the hotline, including detailed scripts that will be used by operators to respond to consumer requests for the toolkit. The subcommittee, working with the FCIC, also has developed a survey evaluation form that will be included in a randomly selected number of toolkits mailed to the callers. The survey will be mailed to up to 5,000 recipients of the toolkit.

In addition to helping the subcommittee evaluate the effectiveness of the toolkit, the responses from consumers who receive the toolkit will be used to identify emerging issues and assess the public's need for financial education and information.

And then, finally, earlier this month, the FCIC conducted a live test of the toll-free line using actual telephone operators who will work on the hotline when it is launched next month. Subcommittee members served as testers, using the procedures that we had developed. What this test showed us is that the FCIC is ready for the hotline launch on October 12th.

Again, I want to thank the members of the subcommittee for their efforts, which have allowed us to bring the financial education hotline this far. We look forward to working with the commission on the hotline launch next month. Thank you

MR. ABERNATHY:

Great. Thank you, Kathleen. It's a great report, and congratulations to you, and to all of the members of the subcommittee that put this together. A lot of work went into making this possible.

Any other members of the subcommittee have any comments that they want to add to Kathleen's comments?

(No response.)

MR. ABERNATHY:

Any questions for members of the Commission or comments?

(No response.)

MR. ABERNATHY:

Well, very good. It's exciting to be able to see these things unfold. It will be exciting to see what the response is when we roll these out in the next couple of weeks. A third requirement that we have under the statute is to develop a national strategy, and that can be a very daunting task when you think of the size of the problem. The size of the problem extends into the hundreds of millions of people who have needs for financial education.

We have put together a working group to gather the best information and ideas we possible can in assembling that national strategy. We've asked Dan Iannicola, the Deputy Assistant Secretary of the Treasury for Financial Education, to chair that working group. He's worked with a number of you so far. Our first step was a call for comment that we put out in the Federal Register broadcast to the entire nation to invite anyone who has good ideas, good practices, success stories, or concerns, to share those with you. We cast the net as widely as possible.

Let me, before I turn the time over to Dan, comment on that to encourage all of you to share your best ideas, as well. This request for comment involves not just the private sector but also government agencies, so contribute your information as well, so we can put that all together and have that available for the working group to start putting together a strategy. Let me turn the time now to Dan Iannicola.

MR. IANNICOLA:

Thank you, Assistant Secretary Abernathy. As he said, it is a daunting task, but the working group and I are working hard not to be daunted but, instead, to be productive. So we'll give it our best.

At the last meeting, we set up this national strategy working group, and let me introduce you to the group that's taken shape since that time. I'd like to cover a few things about the group. First of all, who's on it; secondly, what does the law say about the strategy; third, what the group has done so far and what we're going to do; and then, finally, the role each of you can play.

First, let me list the member agencies in the national strategy working group. They are, in no particular order, the Federal Reserve; the Department of Education; the Federal Trade Commission; General Services Administration; Social Security Administration; Office of Personnel Management; Securities and Exchange Commission; Office of the Comptroller of the Currency; Department of Health and Human Services; Department of

Defense; Federal Deposit Insurance Corporation; and the Department of Treasury.

Now that we know who's on it, let's talk about what the law requires of the strategy; what are we shooting for? Pursuant to Title V of the Fair and Accurate Credit Transactions Act, the commission is to draft a national strategy with two areas of focus: internal, what the federal government is required to do; and external, what the rest of the country should do.

The internal part asks us to do three things. One, we are to review the federal government's activities on financial education and propose a coordination plan. Second, we must identify overlap and duplication among these activities. Third, we need to propose a means to eliminate any overlap and duplication that we may find.

The external focus of the national strategy asks us to do two things. First, devise methods to increase the amount of financial education available and, second, to improve understanding of financial products and services.

So that's our mission. How are we doing on it? Well, we're making good progress. Due to the hard work of my colleagues, we've recently completed a comprehensive list of all the grants, materials, and the resources produced by the federal government concerning financial education. This inventory is required to be part of the strategy and will help us as we move forward, so thanks to everyone who contributed to that list.

What's next is the actual drafting of the strategy. We've had some preliminary discussions so far, and I have to say I'm very optimistic about the quality of the document that I'm sure this group will produce. The depth and range of my colleagues' expertise on the working group is impressive, and we will tap every bit of that expertise as we draft the national strategy in the months ahead.

But as brilliant as they all are, that's not going to be enough. It's important that we not create this document in a Washington vacuum. After all, if this strategy is to guide the nation, shouldn't it be written, in part, by the nation? So we're asking for the public's help.

On August 26th, the working group published a request for public comment in the Federal Register. We want the public's input on what should be in this strategy.

Specifically, the request asked three questions. First, we asked respondents to identify the three most important issues the national strategy should address. Next, we asked people to tell us what resources presently exist to address these issues. Finally, we asked those commenting to tell us what they think are the best ways to improve financial education across the United States. What are the best practices?

I want to encourage the public to respond to this request. You can find the request for comment on Treasury's web site at www.treasury.gov/financialeducaton. You have through the end of October to submit your comments. We look forward to hearing from you so you can play a role in creating the national strategy.

That concludes my update on the progress of the National Strategy Working Group.

MR. ABERNATHY: Great. Thank you, Dan. Anyone have any questions or comments for Dan?

(No response.)

MR. ABERNATHY: As you may know, the Act specifically calls upon Dan's office to provide the support for the Financial Literacy and Education Commission, and Dan and his team have done an outstanding job in providing support in not only putting together these meetings but in providing the staff support necessary for our subcommittee work and the various other details of the work of the Commission. So I want to thank Dan for his good work, as well as all of his staff.

In the last meeting, we started a process that we think, based upon your feedback and feedback from others, has been a very productive use of our time in these Commission meetings, and that is to take an opportunity to bring in representatives from different parts of the country to share with us some of their experiences and programs in the area of financial literacy, and we thought that would be a good thing to do for this meeting, as well. We've asked four representatives to come and make presentations before us today.

From the federal government, we've asked Rosario Mendez. She's the Hispanic Outreach Coordinator for the Federal Trade Commission. We've asked David Mancl, the Director of Office of Financial Education, Department of Financial Institutions from the State of Wisconsin, to comment on what state governments are doing. We've asked Dr. Darrel Luzzo, who's Senior Vice President

for Junior Achievement Worldwide to talk about what Junior Achievement is doing on behalf of the nonprofit community. And from the private sector, we'll have Stefan Clausen, manager of the Wall Street Journal in the Classroom.

We'll begin with Rosario Mendez. I want to mention that President Bush has designated September 15th through October 15th as Hispanic Heritage Month, so we thought this would be a good opportunity to have someone talk to us about the efforts to reach out to our Hispanic community. We have, in that community, a lot of people who are new to this country, who come from backgrounds where consumer finance is rudimentary at best, and they're presented with such a world of opportunities here, so the need for financial education so they can take advantage of those opportunities is tremendous. And so I don't steal anymore of Rosario's thunder, let me turn the time over to Rosario.

MS. MENDEZ:

Thank you. Hi, good morning. I'm Rosario Mendez. I'm with the Federal Trade Commission. I am specifically assigned to the Office of Consumer and Business Education, and, as you may know, the Office of Consumer Education of the Federal Trade Commission is responsible for giving consumer information to those who need information on how to identify, avoid, and report fraudulent and deceptive practices in the marketplace.

The Federal Trade Commission is committed to outreaching to the Hispanic community. We know, based on the results of a consumer survey that we did, that Hispanic consumers in this country are about twice as likely to be victims of consumer fraud as the non-Hispanic whites.

The Federal Trade Commission has committed resources to reach out to the Hispanic community by doing several things. One, hiring two bilingual staff at the Office of Consumer and Business Education; I'm one of them. Developing and implementing a national outreach strategy in Spanish targeting 11 cities across the country. We just launched this campaign in late August of 2004. The primary goals of the campaign are to educate Spanish-speaking consumers about fraudulent and deceptive practices in the marketplace, alert Hispanic consumers to the type of frauds that are commonly targeted to this community, and introduce the Federal Trade Commission as a source of information about fraud and a place to report it. Identity theft is also highlighted in this campaign. We talk about fraud in general, the FTC in general, and then we specifically talk about identity theft in this campaign.

The FTC also has dedicated prominent space on the FTC web site to consumer information in Spanish, and we are also making available all the consumer information that we have in Spanish through the web site and through publications.

I want to highlight that, last May, the Federal Trade Commission co-hosted a Hispanic outreach program, and we learned a lot from this forum that we had. We invited representatives from marketing firms, nonprofit organizations, the federal government, consumer protection agencies, and state agencies, and we invited them to talk about demographic aspects of the Hispanic community and strategies to most effectively reach its consumers with educational campaigns.

And we learned several important things that probably will be of interest to you. We learned, one, that in any campaign reaching the Hispanic community you have to consider the diversity in the Hispanic population. Two, you have to know the culture in order to be able to reach them. Three, you have to partner with community-based organizations that reach local people. Four, you have to build long-term relations with the community-based organizations in the communities. And, five, you have to use bilingual and bicultural staff to get information to and from Hispanic consumers. It's not enough to just have a hotline or a publication, but you have to have people that speak the language and that know the culture in order to give support to your outreach efforts.

The campaign that we have right now that, as I mentioned, we launched in late August, it primarily has two components. One is some public service announcements on the radio, and the second one is mailings of publications to community-based organizations in the 11 target cities.

We used the expertise from the consumer survey and from the Hispanic Outreach Program to reach out to the community, to reach out to community-based organizations, and to leaders of the Hispanic community. We hope to have a lot of results, a lot of positive results, and what we want eventually is to have people report fraud so that we can identify what the trends are and we can identify what to do about it.

I want to highlight that the Federal Trade Commission has information on a range of subjects that are of interest to this Commission, such as credit, mortgages and loans, identity theft, debt collection, and all is available in Spanish. So I hope that this

is helpful to you, and we are available for any questions or for any resources that you may need.

MR. ABERNATHY: Any questions for Rosario?
(No response.)

MR. ABERNATHY: I have one while, perhaps, people are thinking. You talked about the importance of recognizing the diversity in the Hispanic community itself. We've come across that problem, as well. As we've talked to people, we've discovered a presentation that works well with people with Puerto Rican roots might not resonate as well with people from South America, for example. Do you want to talk about that a little bit more about how we can make sure that our message, in trying to reach the Hispanic community, can take into account the diversity among that community?

MS. MENDEZ: Yes. That's a very complex subject and one that is very interesting, and I don't know that a lot of people out there, I don't know that there's a consensus on how to exactly do that. But you're correct, you definitely have to be aware of the diversity within the Hispanic population, and I think one way to at least make sure that your message is reaching everybody is to make sure that you use what we're calling neutral Spanish. And there are several definitions of what that is, but, basically, it's just making sure a Spanish-speaker is reviewing your information, that it's not just a literal translation but that a native Spanish-speaker is understanding what the message is saying, and it may not be a literal translation but it's just a message, what is conveyed. That's one thing that probably you can do in order to make sure that everybody is getting your message.

And then things like celebrating Hispanic Heritage Month, for example, where, originally, it began by the independence of Mexico and now it's just celebrating all of the Hispanics in the United States. That's another way how the federal government is accepting all the groups. You have to celebrate all of them instead of just one group. So I think things like that are important to continue.

MR. ABERNATHY: Excellent. Other comments or questions for Rosario?
(No response.)

MR. ABERNATHY: Well, thank you very much, and please pass on our thanks to the commissioners at the FTC for their dedication to this important outreach effort. Thank you very much.

Well, now we'll have a report about state government activities from David Mancl. Not only is this Hispanic Heritage Month, but this is also the month when a lot of people start going back to school. And the presentation today is going to focus on how we're reaching out, particularly to young people, and the importance of the ability to start early in getting these principles inculcated before people get bad learning. There's a lot of bad learning you can get, as well. And much of what we do with older people is help them unlearn bad practices that they've picked up.

So let me turn the time over now to Mr. David Mancl.

MR. MANCL:

Well, thank you very much, and good morning, and thank you for the opportunity to share with you a successful teacher training program held in Madison, Wisconsin. My name is Dave Mancl, and I'm the Director of our Office of Financial Literacy at the Wisconsin Department of Financial Institutions. I also wear another hat. I'm the President of our Wisconsin Jump Start Coalition on Personal Finance for Youth.

I would also like to proudly introduce my six-year-old daughter sitting over here, Mary Claire Mancl. This is her first trip to our nation's capitol. And as you can probably tell by Mary Claire's smile, she just lost her front tooth last week. And when that happens in our household, of course, the Tooth Fairy comes, and Mary Claire earned a dollar for that tooth, and Mary told me that she's going to save that dollar until she decides what she wants to do with it later. So there are always teachable moments that arrive.

But Mary Claire and my other two children are really daily reminders for me of why I promote financial literacy. They are the next generation and, before we know it, they are going to be in control of government, businesses, of community, our economy. And I hope we do a good job of training them for those roles, really for their sake and for ours when we get to retirement.

Of course, one of the important topics we would want to teach them is personal finance, economics, and money matters. Who should teach these children? How are we going to do that?

It seems intuitive to me that a good portion of financial literacy should be taught in schools. I mean, after all, as we're speaking today, most of our youth are in school. So that's a good venue.

However, we can't expect teachers to provide this education if the teachers do not have some training themselves. In Wisconsin, we

don't require financial education of our students, nor of our teachers. In Wisconsin, a coalition of public and private organizations thought that this condition is not good enough for our kids, so we began working together to close the gap.

Four years ago, we created what we call the Wisconsin Institute on Financial and Economic Education, and that was a one-week course, very intensive. It was offered at three graduate credits. Last summer, we've expanded to three separate weeks on all different financial topical matters and also offered a three graduate credit - which is optional - for each of those weeks.

Of course, we covered the wide array of personal finance and economics. Our formula is to blend business and academic professionals, so you get a wide perspective of the concerns with financial matters. And we include field trips. They get to go to the Chicago Federal Reserve, see some trading, so they get to go right where it's happening.

We also give them plenty of materials. There's tons of curriculum and materials available. We try to load them up with about literally three feet of material. We give them bags so they can take it back. The idea is they don't have to go out and search for this. It's right here, right now, so they go forth and promote financial literacy.

Our goal, simply, is to raise the level of educators' knowledge and confidence in teaching financial education, and we have seen some pretty interesting results. In fact, these surpassed our expectations. Over 80 percent of the teachers, after attending these courses, have implemented financial literacy somewhere in their classroom. And we know that the multiplier effect is working. Last year, that represented about 19,000 students in our state, and this year we project about 25,000 will be taught, in a new way, financial literacy.

We know we're reaching educators because we, like in any good class, pre- and post-test them. And their knowledge grows 13 percent. And they reported back to us that they feel better to teach financial literacy, and that's the self-efficacy component of this. That's very important.

We hope that we inspire and motivate the participants to go back and do something different in their classrooms because, if they're not doing that, if they're not going to go back and teach, then we've wasted our time. So to illustrate that point, I actually got a thank you letter from one of our participants in August. If I may read

from that and, before I do so, I need to let you know that it's an intense course. We start early Monday morning. They have to do homework in the evenings. They have to earn their three graduate credits. And then we let them out at about 1:00 or 2:00 on Friday. So you'll understand why I mention that because this person took that message real quickly and began to work.

It says this, "Dear David, I came back to my district and I used Friday afternoon to set up meetings with the Director of our Financial Operations and our District Director of Curriculum and Instruction for Monday morning meetings to see what I need to do and what the next steps are for financial literacy to be incorporated in Waukesha Public Schools. I meet Monday to ask my principal if I will be able to teach our fifth and sixth grades this curriculum. I met Friday evening, Saturday, and I'm meeting on Sunday with friends, socially, to see who wants to go on the adventure with me and pioneer financial literacy in our school district. Thank you from the bottom of my heart, my daughter's heart, and the friends, neighbors, and students that you have already improved their lives."

So I think she got the message and is going forth to promote that, and that's incredibly important. Thank you for your attention this morning. Financial literacy couldn't be more important, and I'm available for questions if you have any.

MR. ABERNATHY: Great report. Any questions for David?

MS. GLASSMAN: Actually, I do have a question. Do you have any plans for a systematic evaluation of how well the teacher training is translating into effective student training?

MR. MANCL: Where we would actually do pre and post tests of the students?

MS. GLASSMAN: Right.

MR. MANCL: We are working on one initiative, and it will be in the Milwaukee Central City.

MS. GLASSMAN: And then, depending on the results of that, you will re-evaluate the program or . . .

MR. MANCL: Exactly. And there's need for this research. I spoke with Professor Lew Mandell about it, and you might know him. There is no research on this, and the thought there was to conduct it. You know, you take a course, ten years later or five years later, you

have your control group and your group that took a course on personal finance to see who's doing better. That study needs to be done.

MS. GLASSMAN: Exactly. Well, I'm glad you're thinking about that. Thanks.

MR. ABERNATHY: Great. Other questions?

PARTICIPANT: (Speaking off-mike.)

MR. MANCL: Yes. We have three different academic directors. One is from the University of Madison. The other is Professor Mark Schug from UW Milwaukee, their Center of Economic Education. And then the other is from a private college, Edgewood College.

MR. ABERNATHY: Other questions?
(No response.)

MR. ABERNATHY: One thought that occurred to me, it's a strategy kind of debate, whether you should have mandates or incentives, and it seems you've taken the approach of the incentives. How do you see that working?

MR. MANCL: Well, our state did try, historically, last legislative session to pass a mandate, but it failed in the assembly. That's not necessarily a silver bullet solution. You can say, "Thou shall teach this," but once the classroom door shuts, how effective is the teaching happening? We want to make sure, maybe this is a Johnny Appleseed approach, but 50 teachers at a time, we are hopefully, and I think the data proves out, inspiring teachers to go beyond. You know, they're learning personally. They're like the rest of us Americans, right? They're learning personally some of the things they wish they knew earlier. So if they go out and are advocates, that's a pretty strong force.

MR. ABERNATHY: Great. Well, thank you very much not only for your presentation but for your good hard work in this area. This is a very good example for all of us.

MR. MANCL: Thank you.

MR. ABERNATHY: Thank you. Next, we'll turn to Dr. Darrell Luzzo. He's the Senior Vice President for JA Worldwide, which is the parent organization for Junior Achievement. I think many of us have had the opportunity to work with Junior Achievement in their various programs around the country. Probably the hallmark of JA is the

enthusiasm that they bring to their activities, and we're excited to have them here with us today.

DR. LUZZO:

Thank you, Assistant Secretary Abernathy. Members of the Commission, distinguished guests, ladies and gentlemen, it is a great honor to be with you here today. I am Darrell Luzzo, Senior Vice President of Education for Junior Achievement. And on behalf of Junior Achievement and our parent organization, JA Worldwide, thank you for your work on this very important issue.

Clearly, all of us here understand the need for financial literacy education. We know that in our young people lies our future: our future workforce, our future consumer base, indeed our future voters and taxpayers. Your work here today is right up JA's alley. Junior Achievement started as a series of after-school clubs back in 1919 as an answer to the mass exodus from farms to cities. At the time, a whole new kind of education was needed to prepare young people for a new, complex, and more urban workforce. And so Junior Achievement was born.

At the time, we knew that there was a need, and 85 years later, today, the need still exists. We've grown now into an international operation reaching some 6 million students worldwide, 4 million right here in the United States. And that's every year.

For more than a decade now, JA has taught free enterprise to young people in Moscow and throughout the former Soviet Union. And in the last few years, we've even begun translating our materials into Arabic to teach people in that region of the world. As business has gone global, so too has Junior Achievement.

But today I want to focus on our work right here in the United States. The world our young people must navigate, indeed the world they will inherit, is fraught with instantaneous life-changing points of decision. For those of us here, we know very well the case for financial literacy. Personally, as a father of nine children, I can tell you that, at home, we have to be very, very creative in how we use our limited dollars.

But the same is true for everyone, no matter what your particular life situation. The key is that we have learned ways to make the most out of education. Education is hope, and connecting what we learn in school to the real world can make a difference.

Most of us are familiar with the three R's of education: reading, writing, arithmetic. I realize they don't all start with R, but we

know them as the three R's. Junior Achievement offers a fourth R, and that R is relevance.

You see, Junior Achievement is all about taking the real world into the classroom to reinforce what our great teachers are teaching. We're a passionate group of more than 100,000 volunteers in the United States each year, volunteers who believe deeply that our young people need every advantage they can possibly get in this life. And one way to do that is to teach the economics of life, provide a real-world perspective, take the lessons of business right into the classroom, make all that learning come alive by making it relevant. And that's what we do.

Financial literacy is an issue that cuts to the heart of teaching the economics of life. Ultimately, that's exactly what we're talking about: life, preparing for life. JA volunteers make the connection with young people, and young people need to make the connection to financial literacy.

In 145 areas across the United States, JA Operations reach, as I mentioned, 4 million children in grades K through 12 each year. The program works because of one simple and easily-replicated best practice: placing positive role models from the business community at the very front of classrooms. These faces, these caring individuals, they represent the best of what America has to offer. Think about it for a moment. A giving spirit, a willing partner to teachers, a mentor to students.

This welcomed expertise in our nation's schools make our 20-something programs at Junior Achievement somewhat unique. No matter which program a volunteer is delivering, every single one of our programs incorporates financial literacy concepts. We evaluate the efficacy of our programs through third-party systematic, scientific evaluations. So we know our programs make a difference.

And then we have recent initiatives, outreach into Hispanic and Native American youth, that have helped us to expand our reach. In the next five years, we will be in the process of building 20 life-like miniature cities, simulated communities that come to life with the buzz and excitement of young people engaged in positive role-play as they run a city for a day. These JA capstone sites, as we call them, house JA Enterprise Village for fifth-grade students and JA Finance Park for middle-grade students. Several of them are already up and running, and I can tell you that these multimillion

dollar facilities are exactly the kinds of hands-on experiences that will make a deep, lasting impression on our youth.

If there's one lesson we've learned at JA in our financial literacy education efforts it's that collaboration is the key to success. We may be one of the widest bridges connecting educators with the private sector, but at the end of our day we know we cannot do it alone. We're in this together.

And so as the Commission looks at the most effective ways to promote financial literacy education across the country, we ask you respectfully to consider the following three proposals. The first is at the heart of the Commission's external outreach strategy that Dan Iannicola referenced earlier. Think for a moment about a template, a financial literacy template that would include a bank of knowledge, tools, and summaries of the most effective programs that exist, so that companies can enhance their own community service learning programs. By encouraging and assisting companies to participate in the most effective financial literacy programs that already exist, such as those at Junior Achievement and other great organizations, then we believe that the government, through the Commission's effort, can truly make a difference.

We simply suggest taking it to the next level, reaching out to all industries. After all, everyone has a vested stake in the future, our future. More education, more outreach, more incentives. Which brings me to point number two regarding incentives.

Let me say up-front at almost an exclusive rate, JA is privately funded. Of the nearly \$120 million we raised last year, for example, in the U.S., over 90 percent came from the private sector. We believe this is a model for success and one for sustainability. It's a critical connection to make. We think that incentives to encourage companies to send their employees into the classroom to teach financial literacy would greatly help.

Third, we want to work with the federal government to educate and hopefully inspire the various stakeholders at the state level to adopt personal finance standards, though on their own. And we think to some this may seem counterintuitive, but we think it's very important that, at the state level, such as in Wisconsin, the movement be homegrown, lots of buy-in up-front from state leaders themselves.

Long-term, we believe this approach will have the greater impact on collaborative, sustainable efforts to teach financial literacy. In

so doing, we may avoid, later, some of that pushback that might otherwise emerge from the alternative, a so-called mandated approach.

So in that spirit of collaboration, let me close by saying how grateful we are for what you're trying to accomplish here as a Commission and for the opportunity to present to you today. And, finally, I want to express how utterly and completely willing we are at Junior Achievement to help in any way we can, recruiting willing partners to sponsor and willing volunteers to teach the economics of life. Financial literacy, it's more important than ever.

And on behalf of the 1300 staff of Junior Achievement who dedicate their professional lives each and every day to make it happen, I thank you.

MR. ABERNATHY: Thank you, Dr. Luzzo. Anyone have any comments or questions that they'd like to present?

MR. IANNICOLA: I had a question about the Finance Park idea. I had a chance to see one of those in action, and I'm very impressed with it. And, anecdotally, it makes a lot of sense. What's the research on this type of experiential learning?

DR. LUZZO: Yes. This particular experience, JA Finance Park, which is for middle-grade students, there are five weeks of curriculum in the classroom. It's a daily experience, and that is delivered by the teacher. The exposure to volunteers occurs on the day that they actually come to a physical location called Finance Park. And there, when they walk in that day, they are given a life situation. They are told their life situation in terms of whether they're married or not, how many children they have, and what their job is, in addition to the income that they're earning. They then have to go throughout the day to various retail and other locations in the park to make decisions and create a financial budget.

Our early research shows that the impact is great not only in the area of attitudes and beliefs about financial education or financial principles but also in the area of action. Where we've done follow-up studies three and six months later, we have found that students are actually changing their own spending patterns, putting more dollars into savings, understanding the role of those needs versus wants, and the other things that we teach in the curriculum. We'll continue, through third-party evaluators, Dan, as you know, to continue to evaluate the efficacy of that and the other capstone programs.

MR. ABERNATHY:

Other questions?

(No response.)

MR. ABERNATHY:

I, particularly, would be interested to find out how you get your volunteers?

DR. LUZZO:

You know, it's interesting. When I visit our Area Offices, as I do on a very regular basis, and we ask what can we do to assist you in being successful, the number one response is assist us in outreaching and finding more and more volunteers. Our volunteers are primarily from the business community, so we create relationships with businesses and organizations and corporations. And when there's a champion at the corporate level driving the volunteer experience down to those who work within the ranks of the local areas, it helps a great deal and, hence, that recommendation that if there were somehow to incent organizations and businesses to actually take the time to go into the classroom, the power of that model in front of a child is immeasurable.

MR. ABERNATHY:

By all means. Any other comments or questions for Dr. Luzzo? Well, thank you very much for coming here today, for your outstanding presentation. Thanks to all of our presenters today, as well as to the participants and our subcommittees. We've got a lot going on, as we can see from what's going on here. We're having a lot of success.

Our final presenter will be from the Wall Street Journal Classroom Edition giving a presentation of what's going on in the business sector. I see we're having an addition, as well, to Stefan Clausen, also Krishnan Anantharaman. Great to have you here as our concluding presenter today. Certainly, we're all aware of the Wall Street Journal. I wonder how many are aware of the Classroom Edition that's available for young people, and we'll learn a little bit about that today.

MR. CLAUSEN:

I'm Stefan Clausen from the Classroom Edition. I'd like to start by thanking Mr. Secretary and the Commission for making this opportunity available to us to introduce you to the Wall Street Journal Classroom Edition.

I'll start off my portion of the presentation a little out of step by ending it and introducing our managing editor, Krishnan Anantharaman.

MR. ANANTHARAMAN: Thank you very much, Stefan. Thank you, Mr. Secretary. My name is Krishnan Anantharaman. I'm managing editor of the Wall Street Journal Classroom Edition, and I want to start by expressing, on behalf of the Wall Street Journal and our parent company, Dow Jones, our sincere gratitude to the Department of the Treasury and to the leaders and members of this Commission for the opportunity to discuss our mission and our vision with you this morning.

We look forward to continuing this dialogue in the future, as we pursue our common objectives: promoting economic and financial literacy; advocating ethical business practices; and empowering consumers, investors, employees, and entrepreneurs to take charge of their economic futures.

While we are appearing before this Commission for the first time, we are not newcomers to this effort. The Wall Street Journal, as you know, has served as an educational resource to tens of millions of readers over the past 115 years, and the development of the modern Wall Street Journal in the 1950s and 1960s under the leadership of editor and publisher Barney Kilgore opened the once esoteric world of economics, finance, and business strategy to a nationwide readership of working people and entrepreneurs, as he put it, from Portland, Oregon to Portland, Maine.

More recently, we introduced the Personal Journal section of our paper to help readers use the day-to-day news of the business world to make sound personal financial decisions. And, today, the Wall Street Journal Classroom Edition, now in its 14th year of publication, carries on that mission with educators and students in America's secondary schools. So in the area of financial literacy and education, we aren't just participating in these efforts, we are championing them and expanding on them every business day.

With the support of our loyal subscribers, sponsors, and partners in the public and private sectors, including the Ford Motor Company, Collegiate Funding Services, and the Office of National Drug Control Policy, the Classroom Edition program is delivered each month to more than 5,000 secondary schools nationwide for a circulation of nearly 165,000 copies and an estimated potential audience of about 750,000 students.

The program includes the monthly student newspaper, which is distributed in class sets of 30 copies. It also includes a monthly teacher guide, which is a booklet containing worksheets and lesson plans to help teachers integrate the content of the newspaper into their curricula and correlate it with national education standards.

Still more lessons and teaching resources are available on the Classroom Edition web site, including a wealth of related articles, supplemental worksheets, and downloadable reprints of articles and lesson plans. And each subscription to the classroom edition also includes a single copy of the daily Wall Street Journal, allowing teachers to reinforce economic principles in the Classroom Edition with day-to-day developments from the business world.

The centerpiece of the program is, of course, the monthly student newspaper, which features articles selected from the daily Journal that secondary-school students can easily relate to. The intent here is not to pander to teenagers but to connect to them in ways that an ordinary textbook cannot, with real-world examples of economic and business principles at work in a context that fosters understanding and retention.

To note a few examples, last December, we led with a cover story titled "Who Deserves Healthcare?" a provocative look at rationing in our nation's healthcare system. At its core, this story was chapter one of your typical high school economics textbook, a story about the allocation of scarce resources to meet society's needs and wants, trade-offs, and opportunity cost.

What we were able to show our readers, however, is how one nurse in the ICU of a prestigious hospital makes the sometimes wrenching decisions, life-and-death decisions, economic decisions about how to allocate her department's scarce resources to provide the best care to patients while preserving the viability of the healthcare system. This is the kind of economic analysis that is done everyday, not just in the boardroom of the Federal Reserve or here at the Treasury Department but in all sectors of our society, by doctors, nurses, engineers, entrepreneurs. It's the kind of economics education that brings the so-called dismal science to life.

Right now, the Classroom Edition staff is preparing the cover story feature for the November issue titled "House of Cards: The Risks and Rewards of America's Credit Culture." The lead story here is about how plastic, credit cards and debit cards, has fast become the currency of choice for more and more consumers and how this trend, in many ways, makes our economy function more efficiency and dynamically. But the story also explores the flip-side, the rising number of personal bankruptcy filings, especially among middle-aged Americans who struggle with rising costs and

growing debt loads. It is a cautionary tale, we hope, for young people who are just a year or two away, perhaps, from getting their first credit cards and who cannot afford to learn the wrong lessons about credit.

Some of the other topics we have featured prominently over the past year include media regulation and indecency on the airwaves, oil and energy independence, crime in the business world, strategies for success in small business, free trade and outsourcing. Our regular coverage also includes articles about career opportunities, marketing and advertising, college admissions and finance, international affairs, personal technology, and we have a monthly fixture called "Déjà Vu," which offers historical perspective on modern day business events.

Clearly, there is much more to be done by us and by all our partners in this endeavor. In an age of easy access to unprecedented amounts of information on consumer and investment choices, too many young people are simply getting bad information, wrong information, or no information at all, and it's not their fault.

Economics, as taught by textbooks alone, remains a dry, sterile subject, overly theoretical and seemingly disconnected from the real world. Why, for example, should students be forced to grasp an abstract choice between guns and butter, as described in their textbooks, rather than probing the real-life economic choices that are being made right here in this building or across the street in the Oval Office about how a nation allocates its resources?

And so as this Commission sets out to develop a national strategy to promote financial literacy and education, I believe it must commit itself to supporting programs that help students literally and figuratively step out of their classrooms and immerse themselves in the economics and business world around them, programs like field trips, internships, and, yes, regular reading and analysis of business news. Students will learn what they witness.

And I think the success of this effort demands a greater degree of honesty and transparency on the part of parents and leaders in business and government and the media about the tough real-life economic choices we face as a society, the costs of those decisions, and the opportunity costs of those decisions. That will be an important first step if we are to narrow the knowledge gap that threatens the vitality of our economy.

As one of the country's most influential business publications, we are committed to doing our part and cooperating with the Commission to develop a comprehensive national strategy for financial literacy and education, and we are eager to be a part of that strategy. We look forward to sharing our comments with the Commission over the next few weeks.

Once again, I'd like to thank the members of the Commission and U.S. Treasury for inviting us to share our perspectives with you. At this time, Stefan and I would be happy to answer any questions you may have about the Classroom Edition program.

MR. ABERNATHY: Thank you for that outstanding presentation, Krishnan. Anyone have any questions you'd like to raise? Please?

MR. O'CONNOR: Just a quick question. You referenced a web site. Can you just describe that a little bit and how to access that?

MR. ANANTHARMAN: Sure. It's at WSJclassroom.com. We upload most of the text of the monthly Classroom Edition. Most of the larger feature stories. For subscribers to the Classroom Edition, we have a section that offers them downloadable reprints of all the articles, and the purpose there is that we have a long-term archive, the past three years' worth of articles, just to make it easier for teachers to send those articles into the home. A lot of them are reluctant to send the newspapers into the home because they get beat up or they might share it with another class.

But we want these articles to serve more than just the 50-minute time span of a normal class period and to go into the home and to generate dialogue with families about finance and business issues. So that's one of the things that we make available to subscribers there.

There are also supplemental lesson plans that can't be accommodated in the 12-page booklet that we make available to subscribers there, as well, and then links to related articles that come from the vast resources of the Wall Street Journal. We have several, you know, free web sites on careers and college. We provide links to all those sites, as well.

MR. O'CONNOR: Thank you.

MR. ABERNATHY: Other questions, comments?
(No response.)

MR. ABERNATHY: I'd be interested in knowing if there are parts of the country where you're more successful. Are you regionally based, or are there classrooms all over the country?

MR. ANANTHARMAN: I operate the editing side from Detroit, Michigan, but that's sort of arbitrary. I just happen to be there; that's where I live. But we are circulated all over the country, and we've had some interest also from schools that follow an American curriculum around the world. But, no, we are not concentrated in any particular area of the country. People, just as Barney Kilgore said, people all over the country, from Portland, Oregon to Portland, Maine, want to read the same business news. They're all interested. There are business people, small and big, in every part of the country.

We are fortunate in the state of North Dakota to have a program with the agency that I think was here at the last meeting, and they provide, free of charge, a subscription to the Wall Street Journal Classroom Edition for any teacher that asks for it. And we think that's a wonderful program, and we would love to see more states and agencies provide that kind of support.

MR. ABERNATHY: Outstanding. Anything else?
(No response.)

MR. ABERNATHY: Well, thank you very much for your good hard work and your presentation before us today. Just a couple of announcements before we conclude today. Our next meeting is scheduled for the 13th of January 2005. So if you'd please check your schedules and see if that will work for you. If there are any concerns there, let us know, but that's the day that we would propose for our next meeting, in essence our anniversary meeting of the Commission.

Also, remind you all that the October 31st deadline for comments on our national strategy, not only your comments but inasmuch as you can encourage others, people that you work with, good programs that you're aware of, if you can encourage people to submit their comments, that would be great. And then the last point is to remind us all that October 12th is when we will initiate the availability of our hotline and toll-free number.

And if there's no other business that needs to be brought before the commission today, we stand adjourned.

(Whereupon, the foregoing matter was concluded at 11:37 a.m.)